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SUBJECT: GEORGIA: NEW CABINET CONFIRMED, GOG STRESSES
CONTINUITY

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Classified By: CHARGE D'AFFAIRES A.I. KENT LOGSDON FOR REASONS 1.4 (b)
AND (d)

¶1. (SBU) Summary: As expected, Parliament confirmed Nika Gilauri as Prime Minister, Kakha Baindurashvili as Finance Minister, Dimitri Shashkin as Minister for Penitentiary, Probation and Legal Assistance, and Davit Tkeshelashvili as Minister for Regional Development and Infrastructure on February 6. Notably, the parliamentary opposition, led by the Christian Democratic Movement (CDM), voted against confirmation. The CDM's objections were procedural, since the opposition did not have any substantive objections to the candidates themselves, and budgetary. The CDM questioned the decision to create two new ministries in a time of tight budgets and as a protest against the constant reshuffling of the Cabinet of Ministers. As part of the newly created Ministry for Penitentiary, Probation and Legal Affairs, Shashkin (the current IRI chief of party) is also tasked with coordinating the government's efforts for the new wave of democratization. Shashkin's appointment drew some criticism from non-parliamentary opposition leaders who accused him of being a pro-government supporter while working for IRI on political party development training programs. End Summary.

Confirmation of Mostly Familiar Faces

¶2. (SBU) President Saakashvili hailed the confirmations but also addressed growing criticism of frequent cabinet changes by saying that no other changes are expected because "we need stability". He stressed the need for the new cabinet to have a permanent dialogue with society. The confirmation was largely a formality in the UNM dominated Parliament. Giorgi Targamadze said that although certain individuals in the cabinet might be acceptable, they could not support the Government by voting for its confirmation. Targamadze cited the frequency of Cabinet reshuffles as unacceptable and questioned the need for new bureaucracies. Incoming Prime Minister Nika Gilauri is the longest serving member of the GOG, having previously been Minister of Finance (2007 - present) and prior to that Minister of Energy (2004-2007). Tkeshelashvili was State Minister for Regional Issues and will retain much the same portfolio but will now oversee the newly created bureaucracy of the Ministry for Regional Development and Infrastructure. Kakha Baindurashvili assumes the position of the Minister of Finance having served as Deputy Minister of Finance since 2007. In a meeting with the Charge and USAID Mission Director, Baindurashvili pledged to continue many of Gilauri's policies at Finance, and pledged that the Government would soon organize a meeting with major international donors and civil society representatives to continue the dialogue on coordinating assistance. Except for Shashkin, press coverage was largely muted as all the Ministers are familiar names and represent continuity of policy.

¶3. (C) Speaker of Parliament, David Bakradze, stressed to the diplomatic corps during a February 6 that took place during the vote the only reason for the reshuffle was the

serious health problems of outgoing PM Grigol Mgaloblishvili.

Bakradze said Gilauri was named PM because he also held the position of First Deputy Prime Minister. The same logic applied to the elevation of Baindurashvili from Deputy Finance Minister to Finance Minister. Bakradze highlighted that the changes were "minimal". He also spoke of the urgent need to fix the Penal system as one of Georgia's most urgent problems. Bakradze said that Shashkin's background in Qproblems. Bakradze said that Shashkin's background in democratic work and outsider status would be an asset, bringing new ideas to the GOG. The Speaker also emphasized that the debate over the new cabinet had been fierce, and had lasted for more than four hours.

Shashkin: From IRI to Minister

¶4. (C) Shashkin spoke at length to Poloff immediately after the announcement of the Cabinet reshuffle and his new appointment. He said that he had been approached by President Saakashvili in early December to take the position.

Shashkin said he was hesitant to accept the position but Saakashvili kept the pressure on. When asked why he finally agreed he replied that "it's very hard to say no to the President". IRI's Amcit Resident Program Officer (strictly protect) told Poloff that Shashkin was seeking ways to avoid having to accept the offer but in the end, it was impossible to decline. Shashkin said he was initially skeptical of Saakashvili's motives, but that Saakashvili surprised him by saying the non-parliamentary opposition members are "not that bad a bunch of guys" and the GOG needed to work with them. According to Shashkin, Saakashvili convincingly expressed his desire to engage in a dialogue with the opposition groups. Saakashvili told Shashkin that he was well aware that his

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inner circle filters much of the information that comes to him. Saakashvili explained that direct communication with all opposition leaders facilitated by an honest broker would be essential to successfully carry out the new wave of democratic reforms. Because he is not a Saakashvili insider and has a working relationship with virtually all the opposition groups, Saakashvili felt Shashkin would be the perfect "broker".

Skeptics Abound

¶5. (C) Shashkin's nomination was immediately criticized by the Labor party, publicly calling him a UNM lackey. (Embassy Note: Shashkin said Labor members called him the next day asking for training. Shashkin said they explained their comments were "just politics" and that they really were personally happy for him and respected his work. End Note). Zviad Dzidziguri (Conservatives) joked that he expected Shashkin to put them all in jail and then "cooperate" with them (a jab at the dual-hatted nature of Shashkin's new position). David Usupashvili (Republicans) and Dzidziguri expressed their thanks for his work with their parties, but regretted the move. However, privately there is grumbling about the move. Some fear Shashkin will share information with the UNM about non-parliamentary opposition strategies. The move also confirmed a view held by some that Shashkin has always had a pro UNM agenda. (Embassy Comment: We do not agree with either view; however, it is understandable that certain non-parliamentary parties are skeptical of the move. End Comment). Shashkin told Poloff that it would take some time to regain his credibility in some quarters, but the response from the broader opposition has been fairly positive overall. Giorgi Targamadze (CDM), who has probably benefited the most from IRI's training programs over the past year, told Shashkin he was personally disappointed, but happy for Shashkin and hoped the move represented a change for the better, and a sign that Saakashvili is willing to be more flexible. Shashkin harbors no apparent hard feelings, telling Poloff that he does not blame certain non-parliamentary leaders for being skeptical as he would be as well in their shoes.

A Strange Portfolio

¶6. (C) IRI staff privately expressed the view to Poloff that the new Ministry is possibly an umbrella created temporarily which will eventually be split into a Minister for Democratic Development Position and a Minister of Penitentiary, Probation and Legal Assistance. Shashkin told Poloff that is not all that terribly strange considering a key part of the new wave of reforms will be the overhaul of the penal system. Speaker Bakradze made the same point to the diplomatic corps. Shashkin says improving certain prison conditions such as access to health care and legal services can be a relatively quick fix. Long term improvements such as refurbishing infrastructure will be much more difficult. Shashkin is concerned that there is little money allocated to the Ministry which will hinder its effectiveness. He says he was told by President Saakashvili with Ministry of Interior Merabishvili and Justice Minister Adeishvili in attendance that he will have free reign to reform the system with the caveat that he cannot immediately fire prison directors. Shashkin admitted that his dual portfolio was still a work in progress, and he would have to first create a Ministry before really working out the specific details of his mandate.

¶7. (C) Embassy Comment: Apart from Shashkin, the reshuffle of the Cabinet does not represent significant change in overall GOG policy or priorities. However, there has been overall GOG policy or priorities. However, there has been public grumbling about the near-constant state of flux of the GOG. Public and private comments by President Saakashvili and Speaker Bakradze seem to indicate they too understand the need for some stability in the GOG. The pick of Shashkin is an interesting one that can be viewed two ways. One is, that if Saakashvili is truly committed to a dialogue and further democratization, Shashkin is probably a uniquely good pick. He is generally respected by all sides and has spent a large portion of his adult life working for democratic reform in Georgia. On the other hand, Saakashvili made no secret to Shashkin of the pressure he feels from the US and EU member to speed up the reform process. In this regard, Shashkin who is well known and well-regarded by both the diplomatic corps and NGO circles, could have been chosen as part of an attempt to meet international concerns. Shashkin is well aware of this possibility. Regardless of Saakashvili's motives, it is becoming increasingly clear that he is moving forward with his agenda of promised reforms. End Comment.
LOGSDON